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Roneo. IX-37—100,000—21-5-42.

Rev (1957) Department.

MS SERIES.

G.O. No. 2115

2115
4/9/48

Dated 14th September 1948

[Despatch Abstract.]

ADVANCES : LOANS : EXCESSIVE VALUATION OF LANDS CONTAINING PERISHABLE [illegible] : PREVENTION ORDERS : ISSUED.

GOVERNMENT OF MADRAS
Revenue Department

Memorandum No. 9331-E/48.1 dated the 23rd February 1948.

Sub: ADVANCES - Loans (Malabar) - Kottayak Taluk - Pazhassi amsom - Irrecoverable arrears of loan - Over-valuation - Preventive measures

Ref: From the Board of Revenue, Ref: V. 3738/47.6 dated the 20th January 1948.

It is observed from paragraph 2 of the Board's Ref: quoted above that there was gross over-valuation of the property offered as security at the time the loan was granted. The Board of Revenue is requested to state what action was already taken or is proposed to be taken to guard against such overvaluation.

xx xx
Assistant Secretary to Government.

To the Board of Revenue.

REVENUE DEPARTMENT.

Subject

ADVANCES - Loans -(Malabar) - Kottayak Taluk - Puzhassi Amsom - Irrecoverable arrears of loans - Over-valuation - Prevention measures.

Station: Madras. Ref: V.2423/48.3. Dated, 5th August 1948

From

C.A. Ramakrishnan, Esq., I.C.S.,
Joint Secretary, Board of Revenue.
V.N. Kudva, Esq., C.I.E., I.C.S.,
Commissioner of Land Revenue, Excise and Prohibition.

READ - 1. From the Government Revenue Memo No. 9331-E/48.1 dated 23-2-1948
2. Malabar Collector's Ref: A5-20841/48 dated 5th July 1948.

REFERENCE:

With reference to the Government Memorandum cited above, the Board observes that the loss in the present case was evidently due to the fact that in valuing the security the Special Loans Officer did not consider the perishable nature of the plantations which formed the security for the loan It submits that special executive instructions may be issued to Collectors to guard against excessive valuation of lands con aining such perishable plantations and that those instructions may be incorporated in the Loans Manual. The Board therefore recommends that the following may be inserted as a sub-paragraph under para 4 (ii) Chapter 3, Part III at page 82 of the Loans Manual:

"In cases where lands containing gardens, topes or plantations like pepper vines, etc., are offered as security, the officer granting the loans should in valuing them consider the possibility of the plants or trees dying or decaying either naturally or through neglect, before the complete discharge of the loan. The value of the security should be considered with reference to this contingency, to ensure that, should occasion arise, the Government dues are realised in full by the sale of lands despite their full value on account of the deterioration of the

plants or trees."

Sd/. for Joint Secretary.

To the Secretary to the Government, Revenue Department.

Extracts from the Board's Ref. No. V.3738/47-6 dated 20th January 1948

ADVANCE - Loans (Malabar) - Kottayam Taluk - Pazhassi Amsom - L.O. No. 49 M.T. 36 - Arrears - Irrecoverable - Write off - Collector's proposals - Recommended.

From the Collector of Malabar, Ref: A5-20841/46 dated 4-4-1947.

A sum of Rs. 860 was granted as loan under the Madras Agriculturists Loans Act, as amended by Madras Act XVI of 1935, by the Special Loans Officer, Malbar, to Akkool Kuttialai of Pazhassi Amsom under Loan Order No. 49 M.T. 36 dated 5-10-1936. The amount was repayable in 25 equal instalments of Rs. 64/2/- beginning with 32/1 (part), 38/2, 38/1 part and 118/2 all of Mattanur desom of Kottayam taluk. The borrower paid 3 instalments and in Fasli 1350 he defaulted payment. As there were no moveable properties to be proceeded against, and as there were no immoveable properties other than those hypothecated as security belonging to the borrower, summary recovery of the entire outstanding balance under the loan was ordered by the Revenue Divisional Officer, Tellicherry and the security lands were brought to sale. The Revenue Divisional Officer confirmed the sale of all the lands except R.S. No. 38/1 part as it was subsequently noticed that this survey number was a mistake and that the property actually tendered as security was R.S. No. 37/3. This land (S.No.37/3) was then sold in auction and the sale confirmed. The amount realised by the sale of the entire security properties was only Rs. 301 and this has been adjusted towards the balance under the loan. The balance now outstanding against the loan is Rs. 791/2/- on account of principal and interest on this amount at 7½% from 31-1-1947. The borrower is reported to be in miserable poverty depending upon the charity of others for daily subsistence. He has no other properties either moveable or immoveable to be proceeded against and there is no possibility of realising the balance of arrears due from him.

2. The properties offered as security except R.S. Nos. 25/2 and 118/2 were pepper gardens and the low price fetched at the sale was due to their neglected condition at the time of sale and also due to the fall in the price of pepper. R.S. Nos. 25/2 and 118/2 are mixed gardens and the condition of the coconut trees was reported to have deteriorated much due to the neglect of the borrower at the time of sale. There was also large amount of Jenmi Purappad in arrears. These circumstances led to a low bid for these lands at the time of the auction sale. In 1936 the properties were valued for Rs. 2,177/ It was impossibl to know whether the condition of the lands at that time warranted such a valuation. Enquiries have, however, shown that the valuation made by the Special Loan Staff in 1936 was excessive. The Special Loans Officer responsible for the over-valuation (Sri Diwan Bahadur M. Kunhiraman Nayar) has retired from service.

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From the Collector of Malabar, Ref: A5-20841/46 dated 4th April 1948.

Collector's Ref: A4.20841/46 dated 4-4-1947
Board's Ref: V. 3738/47-3 dated 24-7-1947.

All the security lands except R.S. No. 38/IC were sold in auction in 1941. The amount fetched for all the four items together was Rs.140. The great disparity between the value of the property adopted at the time of accepting them as security and that fetched at the time of sale was carefully enquired into by the Sub Collector soon after when the papers reached him for the confirmation of the sale. Please see his Memo to the Tahsildar at p. 145 c.f. of the Taluk D.Dis. file 15173/42. Enquiries revealed that the low bid wasnot due to any negligence on the part of the selling officers, but was due to the over-valuation of the properties at the time of granting the loan.

2. It will be seen from the valuation statement in the loan file that only R.S. No. 25/2 contained some improvements which would fetch some value at sale. The Revenue Inspector who conducted the sale and the Tahsildar have reported that the condition of the improvements on the land did not warrant the high valuation adopted by the Special Loans Officer. A great proportion of the value of the property was taken in by the 250 coconut trees and 400 pepper vines. The bearing coconut trees were valued at a flat rate of Rs. 7 which was reported to be high. The condition of the trees at the time of sale was reported to be such that a flat rate of even Re.1 would be considered

excessive. Of course, there was some deterioration of the property due to the neglect of the loanee. The fact that the borrower neglected the properties after-the loan was granted is itself evidence to show that the amount advanced as loan far exceeded the actual value of the borrower's interests on the lands. Another item of improvement on the land was pepper vines. Altogether there were 700 pepper vines at the time of granting the loan, in the three propertes S. Nos. 25/21, 32/1 and 38/1, 38/2 which were sold. The reports show that at the time-of-sale there were only 300 vines which did not bear anything at all; the remaining 400 wines having perished. These vines were, therefore, worthless thought at the time of granting the loan, all the vines were valued at 8 annas each. Considering the transitory life of the pepper vines the valuation adopted by the loan staff was excessive.

REFERENCE:

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2. The Board submits that the Security lands which were valued in 1936 at Rs. 21,77 fetched only Rs. 301 at the auction in 1941. The Collector's report shows that there was gross over-valuation, when the loan was granted and that the price fetched at the auction was fair in the circumstances. The Officer who granted the loan has retired from service. In the circumstances, the Board recommends to Government the write off of Rs. 791/2/- (Rupees seven hundred and ninety one and annas two only) as irrecoverable.

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GOVERNMENT OF MADRAS

Abstract

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Advances - Loans - Excessive valuation of lands containing perishable plantations - Prevention - Orders issued.

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Revenue Department.

G.O. (Ms) No. 2115. Dated, the 4th September 1948

READ - the following:

Government Memorandum No. 9331-E/48.1 dated 23rd February 1948 From the Board of Revenue Ref: V. 2423/48-3 dated the 5th August 1948.

ORDER:

The Government approve the amendment submitted by the Board of Revenue with its reference read above to paragraph 4 (ii) of Chapter 3 in the Part III of the Loans (Takkavi) Manual.

(By order of His Excellency the Governor)

V.K. RAO
Deputy Secretary to Government.

To the Board of Revenue.

/True copy/

Office Assistant,
Madras Record Office, Egmore, Madras.

Sk.

8/6/57.